

QUANTOCK EDUCATION TRUST
(formerly known as The Haygrove Academy Trust)
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

**QUANTOCK EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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**QUANTOCK EDUCATION TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS

Members	T Stoel-Walker (resigned 1 August 2019) R Symons Rev. E Moll G Slocombe (resigned 1 August 2019) C Spencer Rev. E Gregory (appointed 1 August 2019)
Trustees	M Giles (appointed 18 March 2019) ³ T Hains, Vice Chair ^{1,2,3} K Canham, Head Teacher ^{1,2,3} C Macadam ² G Pow ³ J Ashworth ¹ M Cooke ³ S Hatch (appointed 1 August 2019) ¹ R Hemsley (appointed 1 August 2019) ² I Dyer (resigned 6 May 2019) L Woodley, Staff Trustee (resigned 20 November 2018) J Witts, Staff Trustee (resigned 1 August 2019) B Wierzchleyska (resigned 21 June 2019) G Howe (resigned 9 July 2019) M Wilson (resigned 1 August 2019) T Stoel-Walker, Chair (resigned 1 August 2019) J Stone (resigned 1 August 2019) L Brett (resigned 1 August 2019)

¹ Standards & Performance

² Welfare

³ Finance, Operations and Infrastructure

Company registered number	07665225
Company name	Quantock Education Trust
Principal and Registered office	Haygrove School Durleigh Road Bridgwater Somerset TA6 7HW
Company secretary	Ms T Lee G Williams (from 08/04/2019)
Accounting Officer	Mrs K Canham
Trust Leadership Team	*Mrs K Canham, CEO / Executive Headteacher *Mrs T Lee, Director of Finance and Operations

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**REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

Mrs J Norman, Executive Primary Lead (from 01/08/2019)

* Key management personnel for the purpose of disclosure in the accounts

Independent auditors

Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
2nd Floor Stratus House
Emperor Way
Exeter Business Park
Exeter
EX1 3QS

Bankers

Lloyds Bank plc
25 Cornhill
Bridgwater
Somerset
TA6 3AY

Solicitors

Browne Jacobson LLP
Dix's Field
Exeter
Devon
EX1 1UP

**QUANTOCK EDUCATION TRUST
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**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2019. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates an academy for pupils aged 11 to 16 in Bridgewater. It has a pupil capacity of 1,070 and had a roll of 1,065 in the school census on 1 October 2019.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust.

The Trustees of Quantock Education Trust are also the directors of the charitable company for the purposes of company law.

Details of the Trustees who served throughout the year, except as noted, are included in the Reference and Administrative Details on pages 1 to 2.

Members' liability

Each member of the charitable company undertakes to contribute to the assets of the Company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the year -
Full-time equivalent employee number -

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	-
1%-50%	-
51%-99%	-
100%	-

Percentage of pay bill spent on facility time

	£	
Total cost of facility time	-	
Total pay bill	4,753,680	
Percentage of total pay bill spent on facility time	-	%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours - %

Trustees' Indemnities

Trustees benefit from indemnity insurance purchased at the Academy Trust's expense to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust, provided that

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**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as Directors of the Academy Trust. The limit of this indemnity is £10,000,000.

TRUSTEES

Method of Recruitment and Appointment or Election of Trustees

Trustees are appointed for a four year period, except that this time limit does not apply to the Headteacher. Subject to remaining eligible to be a particular type of Trustee, any Trustee can be re appointed or re elected.

When appointing new Trustees, the Board will give consideration to the skills and experience mix of existing Trustees in order to ensure that the Board has the necessary skills to contribute fully to the Academy Trust's development.

On July 1st 2011 the Trustees appointed all those Governors that served the predecessor school to be Trustees of the newly formed Academy Trust. These Trustees were appointed on a term of office that would end when their original term at the predecessor school would have ended, thus ensuring a staggered re-election or replacement process.

The Trust's Board of Trustees comprises the Headteacher, a minimum of 2 Parent Trustees, up to 2 Staff Trustees (providing that the total number of Trustees, including the Headteacher, who are employees of the Academy Trust, does not exceed one third of the total number of Trustees) and up to 11 other Trustees.

The Trust shall have the following Trustees as set out in its Articles of Association and funding agreement:

- Up to 11 Trustees who are appointed by members.
- Up to 4 Parent Trustees who are elected by Parents of registered pupils at the Academy Trust.
- Up to 2 staff Trustees appointed by the Board of Trustees.
- The Headteacher who is treated for all purposes as being an ex officio Trustee.

When appointing new Trustees, the Board will give consideration to the skills and experience mix of existing Trustees in order to ensure that the Board has the necessary skills to contribute fully to the Academy Trust's development.

The Academy Trust converted to a Multi Academy Trust in September 2016.

Policies and Procedures Adopted for the Induction and Training of Trustees

The Academy Trust has a Trustee Recruitment, Induction and Training process available from the Clerk to the Trustees.

The training and induction provided for new Trustees will depend upon their existing experience but would always include a tour of the Academy and a chance to meet staff and pupils. All Trustees are provided with copies of relevant policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. The new Trustees Handbook contains the strategic plan for the year and the expectations and responsibilities of Trustees. As there are normally only two or three new Trustees a year, induction is done informally and is tailored specifically to the individual. Advantage is taken of specific courses offered by the Local Authority and other bodies. All new of potential Trustees are interviewed by the Headteacher and the Chair of Trustees.

Organisational Structure

Having operated as a 'Shadow Board' for two terms, the new Board of Trustees has a schedule for meeting six times a year as the key strategic governing decision makers. The Board is appointed by the Members and 50% of the Trustees are appointed in consultation with the Diocese of Bath and Wells. The Board determines membership, terms of reference and procedures of Committees and other groups. It receives report including

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**TRUSTEES' REPORT (CONTINUED)
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policies from its Committees for ratification. It monitors the activities from of the Committees through minutes of their meetings. The Board may occasionally establish working groups to perform specific tasks over a limited timescale e/g to monitor closely a member school which may be causing concern.

The Board of Trustees normally meets once each term. The Board establishes an overall framework for the governance of the Academy Trust and determines membership, terms of reference and procedures of Committees and other groups. It receives reports including policies from its Committees for ratification. It monitors the activities of the Committees through the minutes of their meetings. The Board may from time to time establish Working Groups to perform specific tasks over a limited timescale.

There are 3 committees as follows;

- Finance, Operations and Infrastructure (sub committees: Audit and Risk and Pay & Remuneration):
This committee meets at least three times a year and exercises the powers and duties of the Board of Trustees in respect of the financial administration of the trust, except for those items specifically reserved for the Board of Trustees and those delegated to the staff leadership team.
- Standards and Performance:
This committee meets at least three times a year and monitors, evaluates and reviews performance of schools.
- Welfare:
This committee meets at least three times a year and ensure the well-being of staff and students.

The following decisions are reserved to the Board of Trustees: to consider any proposals for changes to the status or constitution of the Academy Trust and its committee structure, to appoint or remove the Chairman and/or Vice Chairman, to appoint the Headteacher/Head of School and Clerk to the Trustees, to approve the Annual Development Plan and budget.

The Trustees are responsible for setting general policy, adopting an annual plan and budget, approving the statutory accounts, monitoring the Academy Trust by the use of budgets and other data, and making major decisions about the direction of the Academy Trust, capital expenditure and staff appointments.

The Trustees and Board of Trustees have devolved responsibility for day to day management of the Academy Trust to the CEO and Executive Team. The Executive Team comprises the CEO, CFO and the Executive Primary Lead.

The Trust Senior Leadership, which comprises the Headteacher/Heads of School, CEO, the Executive Primary Lead and the Director of Teaching School, are responsible for translating the vision into practice and implementing it in the school.

The CEO, CFO and the Finance, Operation and Infrastructure Committee and the Audit and Risk Sub Committee are responsible for the authorisation of spending within agreed budgets; a summary of this is in the Scheme of Delegation. Some spending control is devolved to Budget Holders which must be authorised in line with the Scheme of Delegation. The Headteacher is responsible for the appointment of staff, though appointment panels for teaching posts and where possible always include a Trustee. The Headteacher/Head of School is however a Trust/Diocese appointment.

The CEO is the Accounting Officer.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The Trustees consider the Board of Trustees and the Executive team comprise the key management personnel of the Academy Trust in charge of directing and controlling, running and operating the Trust on a day to day basis. All Trustees give their time freely and no Trustee received remuneration in the year.

Details of any Trustees' expenses and related party transactions are disclosed in the notes to the accounts.

The pay of key management personnel is reviewed annually and is subject to a review of performance under

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Academy appraisal process. The pay policy clearly defines the Academy Trust's approach to awarding pay increases. All pay recommendations made by the Headteacher are submitted to the Trustees for approval. The Headteacher/Head of School's remuneration is determined by the Pay Committee.

All members of the senior leadership teams in schools are appraised annually by the Headteacher/Head of School using the national Headteacher standards and evidence of achievement of agreed challenging objectives which fit with the aims contained in the school development plan.

The Trustees benchmark against pay levels in other Academies of a similar size at the point of recruitment to ensure parity of pay to enable effective recruitment of quality staff into the Academy Trust.

Connected Organisations, including Related Party Relationships

There are no related parties which either control or significantly influence the decisions and operations of Haygrove School. There are no sponsors or formal Parent Teacher Associations associated with the Academy Trust.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal object and activity of the Academy Trust is to advance for the public benefit education in the United Kingdom, in particular by establishing, maintaining, carrying on, managing and developing a school, offering a broad range of curriculum for pupils of different abilities, with a strong emphasis on Modern Foreign Languages.

Prior to the Spaxton CofE Primary and Stogursey C of E Primary Schools joining the Trust on 1 August 2019, Haygrove School worked to the following objectives:

- to continue to raise the standard of educational progress and attainment of all pupils with a particular focus of the progress of disadvantaged students
- to provide a broad and balanced curriculum, including extra curricular activities
-
- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care
- to improve attendance in line with national data
- to improve the effectiveness of the Academy Trust by keeping the curriculum and organisational structure under continual review
- to maximise the number of students who make more than expected progress
- to maximise the number of students who achieve 9 4/9 5 grades in English and Maths
- to promote our positive learning values within our culture for learning
- to embed and ensure consistent use by staff of the new Feedback policy
- to use the FLOURISH principles of Teaching and Learning to ensure effective Quality First teaching across the curriculum
- to establish ourselves as a MAT, attracting member schools (primary and secondary) who share our values and vision and a common commitment to improving the lives of children and young people in our community
- to provide value for money for the funds expended
- to maintain close links with industry and commerce, providing valuable access to work related opportunities
- to establish an effective teaching school alliance that offers bespoke school to school support, high quality CPD and ITT.

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

Objectives, Strategies and Activities

Key priorities for the year are contained in our Trust Strategic Plan which is available from the Headteacher's PA. Improvement focuses identified for this year include:

STRATEGIC OBJECTIVES	
<p>To create a Trust community of cross-phase, convertor/ sponsored academies, all of which are committed to raising standards of achievement through collective strength and expertise, opportunity, support and accountability; ensuring that HAT schools are the natural first choice for local families and those moving into the area.</p>	<ul style="list-style-type: none"> • Commonly agreed, understood and shared Trust vision established and declared • Over-arching Trust strategic plan in place, with objectives linked with individual school development plans • School improvement model including structure of accountability, roles and responsibilities and calendar/ cycle of review and monitoring activities in place • Curriculum review set up across primary and secondary key stages with a focus on transition, assessment, core subjects, personal, social and cultural development and enrichment
<p>To raise standards of achievement for all groups of learners, removing gaps and securing ambitious targets.</p>	<ul style="list-style-type: none"> • Clear vision for school improvement established • Creation of a Trust 'Data Dashboard' and standardised data management system enabling effective tracking between schools and benchmarking with other trusts • Headteachers' Group meetings well established on a half-termly basis, with a focused approach on the school improvement priorities 2018-19: Assessment for Progress, Teaching & Learning, Spelling and Attendance; reporting to the Standards & Performance Committee and the SSILT • See objective 3
<p>To ensure that every child and adult is enabled to be healthy, stay safe, enjoy and achieve, make a positive contribution, and achieve economic wellbeing.</p>	<ul style="list-style-type: none"> • Establish Trust-wide strategies for improving emotional health and wellbeing • Introduce a Trust-wide framework for Character Education • Survey pupils and staff to establish priorities

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

<p>To create a 'Framework of Excellence' for teaching, which becomes a Trust standard, enabling every child to become an effective learner and make exceptional progress.</p>	<ul style="list-style-type: none"> • The Quantock Teaching Alliance is well established and promoting successfully the Framework across and beyond the Trust, and supports all the Trust activities relating to Teaching & Learning • Trust leader for Teaching and Learning established, supported by a team of 'champions' and core subject leaders with representation from all schools • First Trust conference takes place with teaching and Learning as the priority theme • A common and agreed set of Teaching and Learning principles are being consistently applied, based on the FLOURISH model and focussing on the theme of Growth Mindset • Teaching and Learning Hub is being used across the Trust for the sharing of resources and professional dialogue between teachers • The quality of Teaching and Learning is being monitored and reviewed across the Trust through the review cycle and professional development opportunities designed to support appropriate improvement • Partnership with the Charter College of Teaching is enabling the Trust to carry out effective research-based enquiry
<p>To establish a Trust wide programme of high quality professional development which focusses on creating career paths, recognising and developing expertise and leadership potential, as well as expert teachers and support staff; attracting, nurturing and retaining talented staff who share the Trust vision.</p>	<ul style="list-style-type: none"> • Trust responsibilities and roles created for subject areas and key curriculum themes operating at school level and Trust networks • First whole Trust conference takes place, celebrating achievements and showcasing teaching resources and strategies • Teaching and Learning Hub set up for teachers and support staff to share ideas, and to promote initiatives and resources • Supportive network operating for NQTs • Opportunities for colleagues to visit other schools and shadow teachers • Opportunities for young teachers to take on trust responsibilities • Coaching and leadership training opportunities

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<p>To develop a Trust structure of leadership and governance, securing the human and business capacity needed to drive school improvement in a sustainable manner and with the ability to evolve as the trust expands, encouraging innovation and learning from one another and from other Trusts, empowering leaders to work beyond outstanding.</p>	<ul style="list-style-type: none"> • A skills audit enables the creation of a Board of Trustees with the relevant skills needed and the appropriate representation as determined by the Diocese • Clear roles and responsibilities established and understood by Members, Trustees and Local Governors and set out in the Scheme of Delegation • Ten hours of Trustee training arranged annually • Headteachers' Group and the Strategic School Improvement Leadership Team established to drive the standards agenda • Agreed standardisation of some key policies and procedures is operating • Termly 'cycle' of governance activities in place • Use the South West Improvement Framework to evaluate the effectiveness of the Trust and use the outcomes to contribute to the review of the strategic plan
<p>To develop an operational structure of core services which will secure for the Trust, value for money, efficiencies, and high quality teaching and outstanding outcomes.</p>	<ul style="list-style-type: none"> • A strong business case is in place, reflecting the ambition and vision of the Trust • A plan is created following the process of Due Diligence, identifying the needs of schools and priorities for shared services • Core priority areas include: financial management; IT (network management and technical support including a Trust WAN solution); HR; data management; legal support and a single payroll • Further core services are likely to include: central purchasing for energy; insurance; bulk purchases e.g. IT, shared contracts for photocopying, catering etc. • Support for academy conversion and for building projects • A single bank account • Marketing support – website and resources

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**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

<p>To promote and implement consistently across the Trust the collective vision and ethos, which drive the Trust culture, reinforcing its strong reputation for high achievement and an all-rounded and 'continuum of education', whilst retaining and celebrating each school's individual identity and characteristics, including faith</p>	<ul style="list-style-type: none"> • The Trust website has been established, promoting the vision, ethos and structure • Consistent and agreed set of values, routines and expectations relating to behaviour • Programme of enrichment set up including: music, sport, cooking, art, etc. • Student leadership structure created – junior/senior senates • Alignment of rewards and recognition of skills • Buddies and peer mentors • Trust newsletter informing schools and parents about Trust activities • Develop use of social media for promoting the Trust – Twitter
<p>In conjunction with the Quantock Teaching Alliance, to develop wider partnerships, local, national and international, which will promote the success of the Trust and support its growth, reputation and impact.</p>	<ul style="list-style-type: none"> • Develop business links • Partnership set up with another trust – links already established • Further development of links with the Diocese, health organisations, children's charities, HE providers, arts and sports organisations • Secure membership of a further two primaries and one secondary – extend pupil population to 2,500

Public Benefit

The Trustees confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy Trust's aims and objectives and in planning its future activities.

STRATEGIC REPORT

Achievements and Performance

The Academy Trust is in its ninth year of operation and has 1065 students on role as at October 2018. The intake for Year 7 in September 2019 is at our planned admission level but there are currently in excess of 40 students that are on the waiting list.

To ensure that standards are continually assessed, the Academy Trust operates a programme of lesson observations, which are undertaken by the Department Heads and the Senior Leadership Team.

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The Academy was inspected by OFSTED in 2016 and was judged to be Good.

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FOR THE YEAR ENDED 31 AUGUST 2019**

Ensuring progress for all disadvantaged students was achieved through the use of personalised learning check lists, intervention and mentoring and strategies for raising confidence and self-esteem in learning.

One member of the SLT is undertaking NPQSL. All teachers attend themed programmes Professional Development (CPD). The backbone of the programme is planned and calendared master classes delivered in directed time through our Performance and Welfare sessions. Master classes are delivered by our own staff so are a vehicle to share best practice. Our appraisal model requires attendance for a complete package of CPD and teachers are expected to be able to evidence the impact this has had on their teaching and student learning. In service training time has been used to develop the Academy Growth Mind Set strategy.

The Pay Policy and Appraisal Policy have been implemented and has run through its second full cycle. Teachers have the opportunity to meet with an appraiser and have objective, evidence based discussions about their successes and identify areas to address through CPD. This appraisal links to pay and more closely links financial reward with successful performance.

There are 4 key measures that are available for public scrutiny on the DFE website

<https://www.compare-school-performance.service.gov.uk/school/136917/haygrove-school/secondary>

- 1) Progress 8 measures student progress from key stage 2 to 4. It compares the achievements of individuals with similar students nationally based on Key stage 2 performance. It takes into account eight subjects including English, Mathematics, three EBacc subjects and three other subjects. Positive scores indicate students doing better than average and vice versa. Scores for all students are averaged out to give a school score.
- 2) The percentage of children gaining a grade 5 or above in English and mathematics. This tells us the percentage of children who achieved a grade 5 or above in the new reformed GCSEs (2017) in English and Mathematics. The highest grade in English Literature or English Language is the grade that is taken into account for this purpose.
- 3) Attainment 8 measures the average cumulative total of grades achieved by students across 8 subjects. Subjects include English, mathematics, 3 Ebacc subjects including sciences, computer science, history, geography and languages, 3 other approved qualifications.
- 4) Ebacc average point score
The average grade across English (Lang or Lit), mathematics, two sciences, geography or history, best MFL grade

At Haygrove School, examination results for 2019 were:

Haygrove School Progress 8	-0.03 confidence interval of -0.21 to 0.14
National average	0
Haygrove School Grade 5 or above in English and maths	42%
National average is	43%
Haygrove School Attainment 8	46.4
National Average is	46.5
Haygrove School EBacc average point score is	4.07
National average is	4.06

Key Performance Indicators

The main financial performance indicator is the level of reserves held at the Balance Sheet date. In particular, the management of spending against General Annual Grant (GAG) requires special attention the amount of carry forward is restricted to 12%. In period under review, the balance of GAG carried forward was £167,766.

As funding is based on pupil numbers this is also a key performance indicator. Pupil numbers for 2019 remain buoyant with the Academy operating at capacity. Student numbers across the town continue to increase which are likely to lead to an increase in over subscription.

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FOR THE YEAR ENDED 31 AUGUST 2019**

Works to replace the main school building have now commenced. It is anticipated that building will be completed by Summer of 2020 with a planned occupation of September 2020.

Going Concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Going concern policy.

FINANCIAL REVIEW

Financial Review

Most of the Academy Trust's income is obtained from the DfE via the EFSA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2019 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The Academy Trust also receives grants for fixed assets from the DfE which are shown in the Statement of Financial Activities as restricted income in the Fixed Asset Fund. The Restricted Fixed Asset Fund balance is reduced by annual depreciation charges over the useful life of the assets concerned, as defined in the Academy's accounting policies. During 2018/19 the Trust received £76,557 in the form of devolved formula capital ("DFC" from the Department for Education). This balance was fully spent during the year.

During the year ended 31 August 2019, the Academy Trust received total income of £5,680,768 and incurred total expenditure of £6,231,076. The excess of expenditure over income for the year was £550,308.

At 31 August 2019 the net book value of fixed assets was £12,032,798 and movements in tangible fixed assets are shown in note 15 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy Trust.

The land, buildings and other assets were transferred to the Academy Trust upon conversion. Land and buildings were professionally valued on 31 August 2012 at £11,315,948. Other assets have been included in the financial statements at a best estimate, taking into account purchase price and remaining useful lives.

The Academy Trust has taken on the deficit in the Local Government Pension Scheme in respect of its non teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity with details in Note 25 to the financial statements.

Key financial policies adopted or reviewed during the year include the Finance Policy which lays out the framework for financial management, including financial responsibilities of the Board, Head Teacher, managers, budget holders and other staff, as well as delegated authority for spending. Other policies reviewed and updated included Charges and Lettings, Asset Management and Insurance.

Reserves Policy

The Trustees review the reserve levels of the Academy Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees take into consideration the future plans of the Academy Trust, the uncertainty over future income streams and other key risks identified during the risk review.

In previous years, as a single academy, the Trustees determined that the appropriate level of free reserves should be not less than £200,000. The reason for that was to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. In addition the reserves would allow the academy to incur small deficits in years when costs need to exceed funding levels in any one academic year. The Trustees are aware, that following the new schools joining the trust to form a MAT, the reserves policy needs to be reviewed, and this will be considered shortly.

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Total reserves of the Academy Trust amount to £8,408,048 (including a pension deficit of £4,423,000 and fixed asset funds of £12,075,066). The remaining £755,982 (representing £552,082 unrestricted funds, £167,766 unspent GAG and £36,134 other restricted funds) is the balance carried forward that the Trustees monitor in accordance with the Board's reserves policy. However, the Trustees have already identified the following uses for some of the carried forward balance:

- Additional fit out costs of buildings provided under the Priority Schools Building Programme (PSBP2) £15,000
- ICT Costs associated with the New Building estimated at £54,000
- Works required to relocate the fitness suite as not replaced under the PSBP2 estimated £30,000
- Works associated with fire prevention and asbestos removal at Stogursey C of E Primary School CIF bid contribution, if successful £12,000

The defined benefit pension scheme reserve has a negative balance. The effect of the deficit position of the pension scheme is that the Academy Trust is paying higher employers' pension contributions over a period of years. The higher employers' pension contributions will be met from the Academy Trust's budgeted annual income. Whilst the deficit will not be immediately eliminated, there should be no actual cash flow deficit on the fund, nor any direct impact on the free reserves of the Academy Trust.

Investment Policy

Due to the nature and timing of receipt of funding, the Academy Trust may at times hold cash balances surplus to its short term requirements. The Trustees have authorised the opening of additional short term bank investment accounts to take advantage of higher interest rates. No other form of investment is authorised.

Principal Risks And Uncertainties

The Board of Trustees has reviewed the major risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks.

The principal risks and uncertainties facing the Academy Trust are as follows:

Financial The Academy Trust has total reliance on continued Government funding through the ESFA. In the last year 95% of the Academy Trust's incoming resources were ultimately Government funded. There is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms. The delay in the introduction of the National Funding Formula presents a further challenge as the Academy Trust is likely to be a benefit from its introduction.

Failures in governance and/or management The risk in this area arises from potential failure to effectively manage the Academy Trust's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks.

Reputational The continuing success of the Academy Trust is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that student success and achievement are closely monitored and reviewed.

Safe guarding and child protection The Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.

Staffing The success of the Academy Trust is reliant upon the quality of its staff and so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

Fraud and mismanagement of funds The Academy Trust has appointed an external reviewer to carry out checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

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**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

The Trustees have assessed the major risks to which the Academy Trust is exposed, in particular those relating to its finances, teaching, facilities and other operational areas. The Trustees have implemented a number of systems to assess and minimise those risks, including internal controls described elsewhere. Where significant financial risk still remains they have ensured they have adequate insurance cover.

Whilst the Academy has a stable student population, risks to revenue funding from a falling roll are small. However, the freeze on the Government's overall education budget, changes in funding arrangements for High Needs and increasing employment and premises costs mean that budgets will be increasingly tight in coming years.

Student numbers are likely to remain buoyant due to major housing development as a result of an increase in both the birth rate and demographics. The construction of Hinkley C will bring additional requirements for housing and student places will increase. There is already a shortage of primary places and new build is necessary.

The Trustees examine the financial health formally every term. They review performance against budgets and overall expenditure by means of regular update reports at all Board and Finance Committee meetings. The Trustees also regularly review cash flow forecasts and ensure sufficient funds are held to cover all known and anticipated commitments.

At the year end, the Academy Trust had no significant liabilities arising from trade creditors or debtors that would have a significant effect on liquidity.

The Board of Trustees recognises that the defined benefit pension scheme deficit (Local Government Pension Scheme), which is set out in Note 25 to the financial statements, represents a significant potential liability. However as the Trustees consider that the Academy Trust is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

FUNDRAISING

The Academy Trust does not use any external fundraisers. All fundraising undertaken during the year was monitored by the Trustees.

PLANS FOR FUTURE PERIODS

The Academy Trust will continue:

- to strive to provide outstanding education and improve levels of progress of its pupils at all levels and reducing the gaps between groups of students
- to aim to attract high quality teachers and support staff in order to deliver its objectives
- to work with partner schools to improve the educational opportunities for students in the wider community
- to work with the ESFA on developing the strategy for the re build of the main school building as part of PSPB2.
- to improve attendance particularly for vulnerable students
- to build in our close relationships with our feeder primary schools with the aim of improving academic progress at the transition stage between KS2 to KS3
- to develop our teaching school offering school to school support, CPD and ITT to the local and regional community.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Academy and its Trustees do not act as the Custodian Trustees of any other Charity.

**QUANTOCK EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

Disclosure of information to auditors

In so far as the Trustees are aware::

- there is no relevant audit information of which the charity's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

Auditors

The auditors, Bishop Fleming LLP, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

The Trustees' Report, incorporating a strategic report, was approved by order of the board of Trustees, as the company directors, on 12 ~~Dec~~ ^{Dec} 2019 and signed on its behalf by:



**T Hains
Vice Chair**

**QUANTOCK EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT

Scope of responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Quantock Education Trust has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The board of Trustees has delegated the day-to-day responsibility to the CEO, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Quantock Education Trust and the Secretary of State for Education. They are also responsible for reporting to the board of Trustees any material weaknesses or breakdowns in internal control.

Governance

In November 2018, the four schools wishing to join the Quantock Education Trust received the approval from the Regional Schools' Commissioner to academise and join the Haygrove Academy Trust (renamed now as the Quantock Education Trust. Until 1st August 2019, the original Trustee Board continued to govern. The newly appointed Trustees met several times as a 'Shadow Board' without having any power to influence policy or vote. The 'Shadow Board' consisted of:

- Cath Macadam
- Graham Pow
- Trevor Hains
- Karen Canham
- Martyn Giles
- Mark Cooke
- Jenny Ashworth

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of Trustees has formally met 8 times during the year. (4 Trustee Board meetings, 1 Extraordinary meeting and 3 Current & Shadow Board Trustee Meetings)

Attendance during the year at meetings of the board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
T Stoel-Walker, Chair	3	8
T Hains, Vice Chair	8	8
K Canham, Head Teacher	8	8
L Brett	3	8
J Stone	4	8
M Wilson	2	8
I Dyer	0	5
B Wierzchleyska	2	7
J Witts, Staff Trustee	4	8
L Woodley, Staff Trustee	0	1
G Howe	1	8
M Cooke	4	8
J Ashworth	0	0
C Macadam	3	3
G Pow	2	3
S Hatch	0	0
R Hemsley	0	0
M Giles	3	3

GOVERNANCE STATEMENT (CONTINUED)

Governance (CONTINUED)

During the year the focus has been on setting up the necessary structures around leadership and governance, which will enable the Trust to achieve its strategic aims. These include:

- A formal recruitment process for the reconstitution of governance including Members, Trustees and local governance – this includes liaison with the diocese and Academy Ambassadors
- Creation of skills audit based on the national competency framework for governance, to be used for the appointment of new Trustees
- A clear Scheme of Delegation which sets out levels of accountability, roles and responsibilities Policies for 'Schools Causing Concern', monitoring and review and quality assurance
- A regular dialogue with the chairs of governing bodies in schools which are applying to become academies and join the Quantock Education Trust.

The Finance, Environment Audit Committee is a sub committee of the main Board of Trustees, It's purpose is to review school budget and financial management standards, review assigned school policies, evaluate the school development plan, review pay and review financial performance. In their role as Responsible Officer the Finance, Environment and Audit Committee has contracted the detailed checking of financial systems and processes to Education Financial Services. Education Financial Services has carried out a programme of checks, which includes a quarterly visit to focus on each of the following areas:

- Purchasing including ordering, invoicing and petty cash
- Payroll
- Income
- Accountancy system including bank reconciliation and budget monitoring

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
L Brett, Chair	4	4
K Canham, Head Teacher	4	4
T Hains, Vice Chair	2	4
T Stoel-Walker	3	4
J Stone	2	3
G Howe	3	4
I Dyer	2	4
M Wilson	4	4
L Woodley	2	4

GOVERNANCE STATEMENT (CONTINUED)

Review of value for money

As accounting officer, the Principal has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the Academy Trust's use of its resources has provided good value for money during each academic year, and reports to the board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The accounting officer for the Academy Trust has delivered improved value for money during the year by:

- Robust financial governance and budget management;
- Value for money purchasing;
- Reviewing controls and managing risk;
- Using a specialist consultant to support the award of a new catering contract;
- Undertaking a further review of the curriculum and staffing resulting structures to achieve further savings in excess of £200,000
- Making comparisons with similar Academies using data provided by the EFA and the Government
- Challenging proposals and examining their effectiveness and efficiency;
- Deploying staff effectively;
- Reviewing quality of curriculum provision and quality of teaching;
- Reviewing quality of children's learning the enable children to achieve nationally expected progress
- Outlining procedures for accepting best value quotes, noting that this is not necessarily the cheapest quote;
- Reviewing pupil premium funding to target funding at strategies to improve student progress and attainment;
- Replacing the reprographics equipment across the school via CPC framework agreement and installation of an embedded print management solution

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Quantock Education Trust for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Trustees.

GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework

The Academy Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of Trustees
- regular reviews by the Finance and General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties
- identification and management of risks

The board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Mrs Alison Saunders, from Educational Financial Services as an external reviewer reporting to the Finance, Environment and Audit Committee who have taken on the role, as Responsible Officer (RO).

The internal Responsible Officer's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. In particular the checks carried out in the current period included:

- Testing of payroll systems ensuring that effective procedures are in place for the administration and authorisation of personnel contracts and payroll activities
- Testing of the school's accountancy system including bank reconciliations and budget monitoring
- Testing of income systems

On a quarterly basis, the reviewer reports to the board of Trustees through the audit committee on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities.

The independent reviewer reports to the Board of Trustees, through the Finance, Environment and Audit Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities. The independent reviewer has delivered the programme of planned checks and no material control issues have arisen as a result of the checks undertaken.

- An Expenses Policy has been written.
- Delivery notes will be signed to prove that they have been checked.
- Additional guidance has been included within the credit card policy to meet the Internal Controls for the Charities Section D4.
- Register of Business Interests complete for all Trustees and information is now on the school website.

GOVERNANCE STATEMENT (CONTINUED)

Review of effectiveness

As accounting officer, the Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the Responsible Officer;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the audit committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of Trustees on and signed on their behalf by:



T Hains
Vice Chair of Trustees



K Canham
Accounting Officer

**QUANTOCK EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)**

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Quantock Education Trust I have considered my responsibility to notify the Academy Trust board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy Trust, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the Academy Trust board of Trustees are able to identify any material irregular or improper use of all funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2018.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the board of Trustees and ESFA.

R.M. Canham

K Canham
Accounting Officer

Date:

**QUANTOCK EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2019**

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Academies Accounts Direction published by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from ESFA/DfE have been applied for the purposes intended.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the board of Trustees and signed on its behalf by:



T Hains
Vice Chair of Trustees

Date: 12 - Dec - 2019

**QUANTOCK EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
QUANTOCK EDUCATION TRUST**

Opinion

We have audited the financial statements of Quantock Education Trust (the 'academy trust') for the year ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Academy Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Academy Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**QUANTOCK EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
QUANTOCK EDUCATION TRUST (CONTINUED)**

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Other information includes the Reference and Administrative Details, the Trustees' Report including the Strategic Report, and the Governance Statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report including the Strategic Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**QUANTOCK EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
QUANTOCK EDUCATION TRUST (CONTINUED)**

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the directors of the Academy Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Academy Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Academy Trust or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

This report is made solely to the Academy Trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy Trust's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy Trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

Tim Borton FCA DChA (Senior Statutory Auditor)

for and on behalf of

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

2nd Floor Stratus House

Emperor Way

Exeter Business Park

Exeter

EX1 3QS

Date:

**QUANTOCK EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO QUANTOCK
EDUCATION TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 12 September 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Quantock Education Trust during the year 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Quantock Education Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Quantock Education Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Quantock Education Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Quantock Education Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Quantock Education Trust's funding agreement with the Secretary of State for Education dated 1 July 2012 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy Trust's income and expenditure.

Our work on regularity included a review of the internal controls policies and procedures that have been implemented and an assessment of their design and effectiveness to understand how the Academy complied with the framework of authorities. We also reviewed the reports commissioned by the Trustees to assess the internal controls throughout the year.

We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

**QUANTOCK EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO QUANTOCK
EDUCATION TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)**

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Tim Borton FCA DChA (Reporting Accountant)

Bishop Fleming LLP
2nd Floor Stratus House
Emperor Way
Exeter Business Park
Exeter
EX1 3QS

Date:

**QUANTOCK EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
INCOME FROM:						
Donations and capital grants	4	2,550	33,249	76,557	112,356	42,882
Charitable activities	5	48,578	5,339,197	-	5,387,775	5,177,233
Teaching schools		-	61,329	-	61,329	60,350
Other trading activities	6	98,752	17,502	-	116,254	111,832
Investments	7	3,054	-	-	3,054	821
TOTAL INCOME		152,934	5,451,277	76,557	5,680,768	5,393,118
EXPENDITURE ON:						
Charitable activities	10	101,168	5,628,394	334,258	6,063,820	5,898,732
Teaching schools	8	-	70,780	-	70,780	32,772
Transfer from Local Authority on conversion	9	(155,524)	330,000	(78,000)	96,476	-
TOTAL EXPENDITURE	8	(54,356)	6,029,174	256,258	6,231,076	5,931,504
NET MOVEMENT IN FUNDS BEFORE OTHER RECOGNISED GAINS/(LOSSES)		207,290	(577,897)	(179,701)	(550,308)	(538,386)
OTHER RECOGNISED GAINS/(LOSSES):						
Actuarial losses on defined benefit pension schemes	26	-	(728,000)	-	(728,000)	726,000
NET MOVEMENT IN FUNDS		207,290	(1,305,897)	(179,701)	(1,278,308)	187,614
RECONCILIATION OF FUNDS:						
Total funds brought forward		819,484	(2,913,203)	11,780,075	9,686,356	9,498,742
Net movement in funds		207,290	(1,305,897)	(179,701)	(1,278,308)	187,614
TOTAL FUNDS CARRIED FORWARD		1,026,774	(4,219,100)	11,600,374	8,408,048	9,686,356

The notes on pages 31 to 60 form part of these financial statements.

**QUANTOCK EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER:07665225**

**BALANCE SHEET
AS AT 31 AUGUST 2019**

	Note	2019 £	2018 £
FIXED ASSETS			
Tangible assets	16	12,032,798	12,269,996
		<u>12,032,798</u>	<u>12,269,996</u>
CURRENT ASSETS			
Debtors	17	264,706	105,464
Cash at bank and in hand		785,035	594,440
		<u>1,049,741</u>	<u>699,904</u>
Creditors: amounts falling due within one year	18	(251,491)	(241,544)
		<u>798,250</u>	<u>458,360</u>
NET CURRENT ASSETS		798,250	458,360
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>12,831,048</u>	<u>12,728,356</u>
NET ASSETS EXCLUDING PENSION LIABILITY		<u>12,831,048</u>	<u>12,728,356</u>
Defined benefit pension scheme liability	26	(4,423,000)	(3,042,000)
TOTAL NET ASSETS		<u><u>8,408,048</u></u>	<u><u>9,686,356</u></u>
FUNDS OF THE ACADEMY TRUST			
Restricted funds:			
Fixed asset funds	20	11,600,374	11,780,075
Restricted income funds	20	203,900	128,797
Restricted funds excluding pension liability	20	<u>11,804,274</u>	<u>11,908,872</u>
Pension reserve	20	(4,423,000)	(3,042,000)
Total restricted funds	20	<u>7,381,274</u>	<u>8,866,872</u>
Unrestricted income funds	20	<u>1,026,774</u>	<u>819,484</u>
TOTAL FUNDS		<u><u>8,408,048</u></u>	<u><u>9,686,356</u></u>

The financial statements on pages 28 to 60 were approved by the Trustees, and authorised for issue on and are signed on their behalf, by:


T Hains
Vice Chair of Trustees

The notes on pages 31 to 60 form part of these financial statements.

**QUANTOCK EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	2019 £	2018 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash provided by operating activities	22	145,273	127,807
CASH FLOWS FROM INVESTING ACTIVITIES	23	45,322	(52,240)
CHANGE IN CASH AND CASH EQUIVALENTS IN THE YEAR		190,595	75,567
Cash and cash equivalents at the beginning of the year		594,440	518,873
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	24	785,035	594,440

The notes on pages 31 to 60 form part of these financial statements

**QUANTOCK EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

1. ACCOUNTING POLICIES

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements and key sources of estimation uncertainty, is set out below.

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Quantock Education Trust meets the definition of a public benefit entity under FRS 102.

1.2 GOING CONCERN

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy Trust to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 INCOME

All incoming resources are recognised when the Academy has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grant are reflected in the Balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

Sponsorship income provided to the Academy which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

Other income, including the hire of facilities, is recognised in the year it is receivable and to the extent the Academy Trust has provided the goods or services.

1. ACCOUNTING POLICIES (continued)

1.3 INCOME (CONTINUED)

Where assets and liabilities are received by the Academy Trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the Balance Sheet at the point when the risks and rewards of ownership pass to the Academy Trust. An equal amount of income is recognised as a transfer on conversion within 'Income from Donations and Capital Grants' to the net assets received.

• **Transfer on conversion**

Where assets and liabilities are received by the Academy Trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the Balance Sheet at the point when the risks and rewards of ownership pass to the Academy Trust. An equal amount of income is recognised as a transfer on conversion within 'Income from Donations and Capital Grants' to the net assets received.

1.4 INTEREST RECEIVABLE

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Academy Trust; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

1.5 EXPENDITURE

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on raising funds includes all expenditure incurred by the Academy Trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Expenditure on charitable activities are costs incurred on the Academy Trust's educational operations, including support costs and costs relating to the governance of the Academy Trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

1. ACCOUNTING POLICIES (continued)

1.6 TANGIBLE FIXED ASSETS

Assets costing £5,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Freehold property	- 10-50 years straight line
Furniture and equipment	- 10 years straight line
Computer equipment	- 3 years straight line
Motor vehicles	- 5 years straight line

The Trust has been notified that a new building is going to be provided at Haygrove Academy under the Priority Schools Building Programme. The new building is scheduled to open in September 2020. On completion of the new building, part of the existing school buildings will be demolished. This represents some 60% of the current buildings with an estimated net book value of around £4.6m. Given that the existing buildings still have a value in use until the new building is ready, the Trustees have decided not to write the whole of this amount off over the remaining life. Rather, in the period in which the cost of the new building is recognised as income and an asset, then the remaining net book value of the demolished buildings will be removed from the accounts.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

Where the Academy Trust has been granted use of the school buildings from the Diocese under Supplemental Agreements, the Academies Accounts Direction prescribes that under this agreement the risks and rewards of ownership remain with the Diocese. In future years, a donation from the Diocese will be recognised equal to the deemed rental expense, based on the rateable value of the buildings. This has not been charged in the current year given that the schools were only part of the Academy Trust for one month.

1.7 DEBTORS

Trade and other debtors with no stated interest rate and due within one year are recorded at the amount of the cash or other consideration expected to be received. Prepayments are valued at the amount paid.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

1. ACCOUNTING POLICIES (continued)

1.8 CASH AT BANK AND IN HAND

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account and cash on deposit that has a notice period of less than 30 days.

1.9 LIABILITIES

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

1.10 FINANCIAL INSTRUMENTS

The Academy Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy Trust and their measurement bases are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 17. Prepayments are not financial instruments.

Cash at bank - is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 18. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.11 TAXATION

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.12 PENSIONS

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

1. ACCOUNTING POLICIES (continued)

1.12 PENSIONS (CONTINUED)

Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance Sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

1.13 FUND ACCOUNTING

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy Trust at the discretion of the Trustees.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Department for Education Group.

Transfers are made between restricted funds and restricted fixed asset funds where restricted funds are used to purchase fixed assets.

1.14 OPERATING LEASES

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

1.15 AGENCY ARRANGEMENTS

The Academy Trust acts as an agent in respect of collecting and distributing funds in respect of certain trips. Payments received from students and subsequent disbursement to the trip organiser are excluded from the Statement of Financial Activities as the Academy Trust does not have control over the charitable application of the funds.

The Academy Trust also acts as an agent for local schools through receiving parent & family support advisor income from the local authority. Income received is excluded from the Statement of Financial Activities as the Academy Trust does not have control over the charitable application of the funds.

The funds received, paid and any balances held at period end are disclosed in Note 30.

1. ACCOUNTING POLICIES (continued)

1.16 CONVERSION TO AN ACADEMY TRUST

The conversion of Stogursey Church of England Primary School and Spaxton CofE Primary School from state maintained schools to an Academy Trust involved the transfer of identifiable assets and liabilities and the operation of the schools for £NIL consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from Stogursey Church of England Primary School and Spaxton CofE Primary School to the Academy Trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate Balance Sheet categories, with a corresponding amount recognised in Income from Donations and Capital Grants in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Land and Buildings have been included as per the valuation by the ESFA whilst other fixed assets have been included at amounts valued by the Trustees. Pension assets and liabilities have been valued by Barnett Waddingham.

Further details of the transaction are set out in note 25.

2. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The Academy Trust trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement:

The Academy Trust obtains use of fixed assets as a lessee. The classification of such leases as operating or finance lease requires the Academy Trust to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

3. GENERAL ANNUAL GRANT (GAG)

Under the funding agreement with the Secretary of State, there are academies within the Academy Trust which were subject to limits at 31 August 2019 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

No academies within the Academy Trust exceeded the limits during the year ended 31 August 2019.

4. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Donations	2,550	33,249	-	35,799	20,809
Capital Grants	-	-	76,557	76,557	22,073
TOTAL 2019	<u>2,550</u>	<u>33,249</u>	<u>76,557</u>	<u>112,356</u>	<u>42,882</u>
TOTAL 2018	<u>-</u>	<u>20,809</u>	<u>22,073</u>	<u>42,882</u>	

**QUANTOCK EDUCATION TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

5. Funding for the Academy Trust's educational operations

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
DfE/ESFA grants				
General Annual Grant	-	4,925,740	4,925,740	4,803,834
Start up Grants	-	68,536	68,536	-
Other DfE/EFSA grants	-	256,594	256,594	265,173
	-	5,250,870	5,250,870	5,069,007
Other government grants				
High Needs	-	41,547	41,547	32,013
Other government grants: non-capital	-	11,431	11,431	9,450
	-	52,978	52,978	41,463
Other funding				
Internal catering income	8,000	-	8,000	8,000
Sales to students	-	8,544	8,544	8,980
Other	40,578	26,805	67,383	49,783
TOTAL 2019	48,578	5,339,197	5,387,775	5,177,233
TOTAL 2018	43,213	5,134,020	5,177,233	

6. INCOME FROM OTHER TRADING ACTIVITIES

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Lettings	14,144	-	14,144	14,147
Other	84,608	17,502	102,110	97,685
TOTAL 2019	98,752	17,502	116,254	111,832
TOTAL 2018	104,066	7,766	111,832	

All prior year income related to unrestricted funds.

**QUANTOCK EDUCATION TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

7. INVESTMENT INCOME

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Bank interest	3,054	3,054	821

All prior year income related to unrestricted funds.

8. EXPENDITURE

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £	Total 2018 £
Direct costs - education	4,015,843	238,329	479,366	4,733,538	4,572,972
Support costs - education	749,409	235,740	343,705	1,328,854	1,325,760
Direct costs - nursery	1,428	-	-	1,428	-
Teaching school	-	-	70,780	70,780	32,772
Other expenditure	-	-	96,476	96,476	-
TOTAL 2019	4,766,680	474,069	990,327	6,231,076	5,931,504
TOTAL 2018	4,619,832	646,697	664,975	5,931,504	

9. OTHER EXPENDITURE

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
Transfer from Local Authority on conversion	(155,524)	252,000	96,476
TOTAL 2018	-	-	-

**QUANTOCK EDUCATION TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

10. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2019 £	Support costs 2019 £	Total funds 2019 £	Total funds 2018 £
Education	4,733,538	1,328,854	6,062,392	5,898,732
Nursery	1,428	-	1,428	-
TOTAL 2019	<u>4,734,966</u>	<u>1,328,854</u>	<u>6,063,820</u>	<u>5,898,732</u>
TOTAL 2018	<u>4,572,972</u>	<u>1,325,760</u>	<u>5,898,732</u>	

Analysis of direct costs

	Education 2019 £	Nursery 2019 £	Total funds 2019 £	Total funds 2018 £
Pension finance costs	80,000	-	80,000	90,000
Staff costs	3,945,404	1,428	3,946,832	3,809,889
Depreciation	304,786	-	304,786	303,594
Educational supplies	250,387	-	250,387	230,336
Examination fees	79,931	-	79,931	77,959
Other costs	733	-	733	-
Supply teachers	70,439	-	70,439	54,013
Technology costs	1,858	-	1,858	7,181
TOTAL 2019	<u>4,733,538</u>	<u>1,428</u>	<u>4,734,966</u>	<u>4,572,972</u>
TOTAL 2018	<u>4,572,972</u>	<u>-</u>	<u>4,572,972</u>	

**QUANTOCK EDUCATION TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

10. ANALYSIS OF EXPENDITURE BY ACTIVITIES (CONTINUED)

Analysis of support costs

	Education 2019 £	Total funds 2019 £	Total funds 2018 £
Staff costs	749,409	749,409	755,930
Depreciation	44,701	44,701	66,971
Other costs	13,150	13,150	8,669
Supply teachers	10,554	10,554	10,732
Recruitment and support	42,588	42,588	40,198
Maintenance of premises and equipment	60,703	60,703	74,535
Cleaning	18,794	18,794	18,522
Rent and rates	34,001	34,001	36,375
Energy costs	74,215	74,215	68,225
Insurance	24,629	24,629	25,330
Security and transport	8,602	8,602	8,687
Catering	38,886	38,886	35,148
Technology costs	68,010	68,010	53,457
Office overheads	64,726	64,726	72,243
Legal and professional	59,180	59,180	38,357
Bank interest and charges	1,769	1,769	1,992
Governance costs	14,937	14,937	10,389
TOTAL 2019	1,328,854	1,328,854	1,325,760

11. NET INCOME/(EXPENDITURE)

Net income/(expenditure) for the year includes:

	2019 £	2018 £
Operating lease rentals	18,656	23,512
Depreciation of tangible fixed assets	349,487	370,566
Fees paid to auditors for:		
- audit	8,700	7,875
- other services	1,480	765

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

12. STAFF COSTS

a. STAFF COSTS

Staff costs during the year were as follows:

	2019 £	2018 £
Wages and salaries	3,539,755	3,441,069
Social security costs	311,327	319,020
Pension costs	830,515	780,780
	<u>4,681,597</u>	<u>4,540,869</u>
Staff restructuring costs	14,644	24,950
Agency Staff costs	70,439	54,013
	<u>4,766,680</u>	<u>4,619,832</u>

b. NON-STATUTORY/NON-CONTRACTUAL STAFF SEVERANCE PAYMENTS

Included in staff restructuring costs is one non-statutory/non-contractual severance payment of £14,644 (2018: £24,950).

c. STAFF NUMBERS

The average number of persons employed by the Academy Trust during the year was as follows:

	2019 No.	2018 No.
Teachers	57	57
Administration and support	77	83
Management	7	8
	<u>141</u>	<u>148</u>

The average headcount expressed as full-time equivalents was:

	2019 No.	2018 No.
Teachers	54	54
Administration and support	49	55
Management	7	8
	<u>110</u>	<u>117</u>

**QUANTOCK EDUCATION TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

12. STAFF COSTS (CONTINUED)

d. HIGHER PAID STAFF

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2019	2018
	No.	No.
In the band £60,001 - £70,000	2	3
In the band £90,001 - £100,000	1	1
	<u> </u>	<u> </u>

e. KEY MANAGEMENT PERSONNEL

The key management personnel of the Academy Trust comprise the Trustees (who do not receive remuneration for their role as Trustees) and the Senior Management Team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £213,975 (2018: £203,777).

Now that the Trust has become a multi-academy trust, it has reviewed who it considers to be the key management personnel at trust level. The individuals are shown on page 1. To be comparable, the figure for 2017/18 has been restated. In the original accounts for that year, the amount was disclosed at £626,321, but this represented the whole of the senior leadership team at The Haygrove Academy as a stand alone academy.

As staff Trustees are not remunerated in respect of their role as a Trustee, where staff Trustees do not form part of the Key Management Personnel other than in their role as Trustee, their remuneration as set out in note 13 has not been included in the total benefits received by Key Management Personnel above.

**QUANTOCK EDUCATION TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

13. CENTRAL SERVICES

The Academy Trust has provided the following central services to its academies, since the additional schools joined on 1 August 2019:

- Executive head support
- IT
- HR
- Premises
- Legal costs

The Academy Trust charges for these services on the following basis:

Each Academy contributes 3% of GAG funding towards the cost of central services. A recharge for the CEO's salary is also made to Quantock Education Trust by Haygrove School.

The actual amounts charged during the year were as follows:

	2019	2018
	£	£
Haygrove School	12,124	-
Stogursey Church of England Primary School	820	-
Spaxton CofE Primary School	819	-
TOTAL	13,763	-

**QUANTOCK EDUCATION TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

14. TRUSTEES' REMUNERATION AND EXPENSES

The Executive Head and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff under their contracts of employment, and not in respect of their services as Trustees. Other Trustees did not receive any payments, from the Academy in respect of their role as Trustees. The values of Trustees' remuneration and other benefits was as follows
K Canham: Remuneration £95,000 - £100,000 (2018: £95,000 - £100,000), Employer's pension contributions £15,000 - £20,000 (2018: £15,000 - £20,000). L Woodley: Remuneration £30,000 - £35,000 (2018: £30,000 - £35,000), Employer's pension contributions £5,000 - £10,000 (2018: £5,000 - £10,000). J Witts: Remuneration £20,000 - £25,000 (2018: £20,000 - £25,000), Employer's pension contributions £nil - £5,000 (2018: £nil - £5,000).

During the year ended 31 August 2019, no Trustee expenses have been incurred (2018 - £NIL).

15. TRUSTEES' AND OFFICERS' INSURANCE

The Academy Trust has opted into the Department of Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme membership.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

16. TANGIBLE FIXED ASSETS

	Freehold property £	Office equipment £	Computer equipment £	Motor vehicles £	Total £
COST OR VALUATION					
At 1 September 2018	14,083,632	334,237	362,456	29,121	14,809,446
Additions	-	-	34,289	-	34,289
Transfers intra group	37,000	41,000	-	-	78,000
Disposals	-	(18,000)	(30,276)	(23,121)	(71,397)
At 31 August 2019	<u>14,120,632</u>	<u>357,237</u>	<u>366,469</u>	<u>6,000</u>	<u>14,850,338</u>
DEPRECIATION					
At 1 September 2018	1,961,027	229,685	319,617	29,121	2,539,450
Charge for the year	273,283	37,384	38,820	-	349,487
On disposals	-	(18,000)	(30,276)	(23,121)	(71,397)
At 31 August 2019	<u>2,234,310</u>	<u>249,069</u>	<u>328,161</u>	<u>6,000</u>	<u>2,817,540</u>
NET BOOK VALUE					
At 31 August 2019	<u>11,886,322</u>	<u>108,168</u>	<u>38,308</u>	<u>-</u>	<u>12,032,798</u>
At 31 August 2018	<u>12,122,605</u>	<u>104,552</u>	<u>42,839</u>	<u>-</u>	<u>12,269,996</u>

17. DEBTORS

	2019 £	2018 £
DUE WITHIN ONE YEAR		
Trade debtors	1,810	2,979
Prepayments and accrued income	233,320	66,986
VAT recoverable	29,576	35,499
	<u>264,706</u>	<u>105,464</u>

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18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Other taxation and social security	89,899	94,312
Other creditors	84,168	76,077
Accruals and deferred income	77,424	71,155
	<u>251,491</u>	<u>241,544</u>
	2019 £	2018 £
Deferred income at 1 September 2018	22,592	11,642
Resources deferred during the year	22,812	22,592
Amounts released from previous periods	(22,592)	(11,642)
	<u>22,812</u>	<u>22,592</u>

At the Balance Sheet date, the Academy Trust was holding funds received in advance for educational visits and rates.

19. FINANCIAL INSTRUMENTS

	2019 £	2018 £
FINANCIAL ASSETS		
Financial assets measured at fair value through income and expenditure	785,035	594,440
Financial assets that are debt instruments measured at amortised cost	1,810	2,979
	<u>786,845</u>	<u>597,419</u>
	2019 £	2018 £
FINANCIAL LIABILITIES		
Financial liabilities measured at amortised cost	(147,716)	(124,640)

Financial assets measured at fair value through income and expenditure comprise cash at bank and in hand.

Financial assets that are debt instruments measured at amortised cost comprise trade debtors.

Financial liabilities measured at amortised cost comprise other creditors and accruals.

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**NOTES TO THE FINANCIAL STATEMENTS
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20. STATEMENT OF FUNDS

	Balance at 1 September 2018 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 August 2019 £
UNRESTRICTED FUNDS					
General Funds	307,298	68,326	143,143	-	518,767
Fixed Assets	489,921	-	(15,229)	-	474,692
Other funds	22,265	84,608	(73,558)	-	33,315
	<u>819,484</u>	<u>152,934</u>	<u>54,356</u>	<u>-</u>	<u>1,026,774</u>
RESTRICTED GENERAL FUNDS					
General Annual Grant (GAG)	97,328	4,925,636	(4,855,198)	-	167,766
High Needs	-	41,547	(41,547)	-	-
Pupil Premium	-	174,326	(174,326)	-	-
Other DfE/ESFA grant	-	156,804	(156,804)	-	-
Other restricted funds	3,891	37,946	(23,830)	-	18,007
Teaching School	27,578	61,329	(70,780)	-	18,127
Other	-	53,689	(53,689)	-	-
Pension reserve	(3,042,000)	-	(653,000)	(728,000)	(4,423,000)
	<u>(2,913,203)</u>	<u>5,451,277</u>	<u>(6,029,174)</u>	<u>(728,000)</u>	<u>(4,219,100)</u>
RESTRICTED FIXED ASSET FUNDS					
Fixed assets transferred on conversion	10,004,050	-	(144,750)	-	9,859,300
Fixed assets purchased from GAG	194,434	-	(67,235)	-	127,199
DfE/ESFA Capital grants	136,696	76,557	(15,497)	-	197,756
Academy Capital Maintenance Fund	1,294,311	-	(28,776)	-	1,265,535
Donation	150,584	-	-	-	150,584
	<u>11,780,075</u>	<u>76,557</u>	<u>(256,258)</u>	<u>-</u>	<u>11,600,374</u>
TOTAL RESTRICTED FUNDS	<u>8,866,872</u>	<u>5,527,834</u>	<u>(6,285,432)</u>	<u>(728,000)</u>	<u>7,381,274</u>
TOTAL FUNDS	<u>9,686,356</u>	<u>5,680,768</u>	<u>(6,231,076)</u>	<u>(728,000)</u>	<u>8,408,048</u>

The specific purposes for which the funds are to be applied are as follows:

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

20. STATEMENT OF FUNDS (CONTINUED)

RESTRICTED FUNDS

General Annual Grant (GAG) - Income from the ESFA which is to be used for the normal running costs of the Academy, including education and support costs.

High Needs - Funding received by the Local Authority to fund further support for students with additional needs.

Pupil Premium - Pupil premium represents funding received from the ESFA for children that qualify for free school meals to enable the Academy to address the current underlying inequalities between those children and their wealthier peers.

Other DfE/ESFA grants - Other funding received from the ESFA, such as the Year 7 Catch up grant.

Other restricted funds - This includes PFSA income, family support advisor and a project ability grant which aims to create opportunities for young disabled people within the school games and to generally increase opportunities for young disabled people.

Teaching School - This is income awarded to strong schools led by strong leaders to provide high-quality training, development and support to new and experienced school staff.

Pension reserve – This represents the Academy's share of the assets and liabilities in the Local Government Pension Scheme. As with most pension schemes this is currently in deficit due to an excess of scheme liabilities over scheme assets which was inherited on conversion to an Academy.

RESTRICTED FIXED ASSET FUND

Fixed assets transferred on conversion - This represents the buildings and equipment donated to the School from the Local Authority on conversion to an Academy Trust.

Fixed assets purchased from GAG - This represents the NBV of assets acquired using funds transferred from the restricted GAG funds.

DfE/ESFA Capital Grants - These funds are received from the DfE/ESFA for direct expenditure on fixed asset projects. The fixed asset fund balance at the year end represents the NBV of assets and any unspent grant amounts.

Academy Capital Maintenance Fund - These funds were received for direct expenditure on fixed asset projects.

Donation - These funds are received from non-government sources for direct expenditure on fixed asset projects.

OTHER INFORMATION

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2019.

**QUANTOCK EDUCATION TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

20. STATEMENT OF FUNDS (CONTINUED)

Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows:

	2019 £	2018 £
Haygrove School	1,069,163	948,281
Stogursey Church of England Primary School	120,052	-
Spaxton CofE Primary School	36,570	-
Central	4,889	-
Total before fixed asset funds and pension reserve	1,230,674	948,281
Restricted fixed asset fund	11,600,374	11,780,075
Pension reserve	(4,423,000)	(3,042,000)
TOTAL	8,408,048	9,686,356

TOTAL COST ANALYSIS BY ACADEMY

Expenditure incurred by each academy during the year was as follows:

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2019 £	Total 2018 £
Haygrove School	3,753,024	712,450	250,387	685,367	5,401,228	5,267,939
Stogursey Church of England Primary School	24,601	3,001	-	-	27,602	-
Spaxton CofE Primary School	20,022	3,808	-	479	24,309	-
Central	6,774	-	-	2,200	8,974	-
ACADEMY TRUST	3,804,421	719,259	250,387	688,046	5,462,113	5,267,939

**QUANTOCK EDUCATION TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

20. STATEMENT OF FUNDS (CONTINUED)

Comparative information in respect of the preceding year is as follows:

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
UNRESTRICTED FUNDS						
General Funds	260,184	62,090	(14,976)	-	-	307,298
Fixed Assets	505,150	-	(15,229)	-	-	489,921
Other funds	23,068	86,010	(86,813)	-	-	22,265
	<u>788,402</u>	<u>148,100</u>	<u>(117,018)</u>	<u>-</u>	<u>-</u>	<u>819,484</u>
RESTRICTED GENERAL FUNDS						
General Annual Grant (GAG)	145,959	4,861,165	(4,882,048)	(27,748)	-	97,328
High Needs	-	32,013	(32,013)	-	-	-
Pupil Premium	-	183,758	(183,758)	-	-	-
Other DfE/ESFA grant	-	10,490	(10,490)	-	-	-
Other restricted funds	4,985	23,975	(25,069)	-	-	3,891
Teaching School	-	60,350	(32,772)	-	-	27,578
Pension reserve	(3,475,000)	-	(293,000)	-	726,000	(3,042,000)
	<u>(3,324,056)</u>	<u>5,171,751</u>	<u>(5,459,150)</u>	<u>(27,748)</u>	<u>726,000</u>	<u>(2,913,203)</u>
RESTRICTED FIXED ASSET FUNDS						
Fixed assets transferred on conversion	10,226,800	-	(222,750)	-	-	10,004,050
Fixed assets purchased from GAG	225,515	22,073	(80,902)	27,748	-	194,434
DfE/ESFA Capital grants	96,454	51,194	(10,952)	-	-	136,696
Academy Capital Maintenance Fund	1,335,043	-	(40,732)	-	-	1,294,311
Donation	150,584	-	-	-	-	150,584
	<u>12,034,396</u>	<u>73,267</u>	<u>(355,336)</u>	<u>27,748</u>	<u>-</u>	<u>11,780,075</u>
TOTAL RESTRICTED FUNDS	<u>8,710,340</u>	<u>5,245,018</u>	<u>(5,814,486)</u>	<u>-</u>	<u>726,000</u>	<u>8,866,872</u>

**QUANTOCK EDUCATION TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

20. STATEMENT OF FUNDS (CONTINUED)

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
TOTAL FUNDS	<u>9,498,742</u>	<u>5,393,118</u>	<u>(5,931,504)</u>	<u>-</u>	<u>726,000</u>	<u>9,686,356</u>

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	474,692	-	11,558,106	12,032,798
Current assets	552,082	455,391	42,268	1,049,741
Creditors due within one year	-	(251,491)	-	(251,491)
Provisions for liabilities and charges	-	(4,423,000)	-	(4,423,000)
TOTAL	<u>1,026,774</u>	<u>(4,219,100)</u>	<u>11,600,374</u>	<u>8,408,048</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	489,921	-	11,780,075	12,269,996
Current assets	561,097	138,807	-	699,904
Creditors due within one year	(231,534)	(10,010)	-	(241,544)
Provisions for liabilities and charges	-	(3,042,000)	-	(3,042,000)
TOTAL	<u>819,484</u>	<u>(2,913,203)</u>	<u>11,780,075</u>	<u>9,686,356</u>

**QUANTOCK EDUCATION TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

22. RECONCILIATION OF NET EXPENDITURE TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2019 £	2018 £
Net expenditure for the year (as per Statement of Financial Activities)	(550,308)	(538,386)
ADJUSTMENTS FOR:		
Depreciation	349,487	370,566
Capital grants from DfE and other capital income	(76,557)	(22,073)
Interest received	(3,054)	(821)
Defined benefit pension scheme obligation inherited	330,000	-
Defined benefit pension scheme cost less contributions payable	243,000	203,000
Defined benefit pension scheme finance cost	80,000	90,000
(Increase)/decrease in debtors	(159,242)	13,253
Increase in creditors	9,947	12,268
Net assets and liabilities from local authority on conversion	(78,000)	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	145,273	127,807

23. CASH FLOWS FROM INVESTING ACTIVITIES

	2019 £	2018 £
Interest received	3,054	821
Purchase of tangible fixed assets	(34,289)	(75,134)
Capital grants from DfE Group	76,557	22,073
NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES	45,322	(52,240)

24. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2019 £	2018 £
Cash at bank and in hand	785,035	594,440
TOTAL CASH AND CASH EQUIVALENTS	785,035	594,440

**QUANTOCK EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

25. CONVERSION TO AN ACADEMY TRUST

On 01 August 2019 Stogursey Church of England Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Quantock Education Trust from Somerset County Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate heading with a corresponding net amount recognised as a net loss in the Statement of Financial Activities as Expenditure on Charitable activities - transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
TANGIBLE FIXED ASSETS				
Other tangible fixed assets	-	-	20,000	20,000
CURRENT ASSETS				
Cash - representing budget surplus on school funds	121,142	-	-	121,142
Pension deficit	-	(200,000)	-	(200,000)
NET ASSETS/(LIABILITIES)	<u>121,142</u>	<u>(200,000)</u>	<u>20,000</u>	<u>(58,858)</u>

**QUANTOCK EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

25. CONVERSION TO AN ACADEMY TRUST (CONTINUED)

On 01 August 2019 Spaxton CofE Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Quantock Education Trust from Somerset County Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate heading with a corresponding net amount recognised as a net loss in the Statement of Financial Activities as Expenditure on Charitable activities - transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
TANGIBLE FIXED ASSETS				
Freehold land and buildings	-	-	37,000	37,000
Other tangible fixed assets	-	-	21,000	21,000
CURRENT ASSETS				
Cash - representing budget surplus on DFCG	12,004	-	-	12,004
Cash - representing budget surplus on other school funds	22,378	-	-	22,378
Pension deficit	-	(130,000)	-	(130,000)
NET ASSETS/(LIABILITIES)	34,382	(130,000)	58,000	(37,618)

26. PENSION COMMITMENTS

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Somerset County Council. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2016.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

26. PENSION COMMITMENTS (CONTINUED)

TEACHERS' PENSION SCHEME

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis - these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

VALUATION OF THE TEACHERS' PENSION SCHEME

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million giving a notional past service deficit of £22,000 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return is 4.45%.

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from 1 September 2019 (this includes the administration levy of 0.8%).

The employer's pension costs paid to TPS in the year amounted to £384,853 (2018 - £373,773).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The Academy Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy Trust has set out above the information available on the scheme.

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**NOTES TO THE FINANCIAL STATEMENTS
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26. PENSION COMMITMENTS (CONTINUED)

LOCAL GOVERNMENT PENSION SCHEME

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £272,000 (2018 - £267,000), of which employer's contributions totalled £211,000 (2018 - £208,000) and employees' contributions totalled £ 61,000 (2018 - £59,000). The agreed contribution rates for future years are 20.9% for employers and 5.5%-12.5% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Principal actuarial assumptions

	2019	2018
	%	%
Rate of increase in salaries	3.70	3.80
Rate of increase for pensions in payment/inflation	2.20	2.30
Discount rate for scheme liabilities	1.85	2.65
Inflation assumption (CPI)	2.20	2.30

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	2019	2018
	Years	Years
<i>Retiring today</i>		
Males	22.9	24
Females	24.0	25.2
<i>Retiring in 20 years</i>		
Males	24.6	26.3
Females	25.8	27.5

Sensitivity analysis

	2019	2018
	£000	£000
Discount rate +0.1%	188	140
Discount rate -0.1%	(193)	(143)
Mortality assumption - 1 year increase	(272)	(193)
Mortality assumption - 1 year decrease	263	187
CPI rate +0.1%	(169)	(119)
CPI rate -0.1%	165	-

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**NOTES TO THE FINANCIAL STATEMENTS
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26. PENSION COMMITMENTS (CONTINUED)

The Academy Trust's share of the assets in the scheme was:

	At 31 August 2019 £	At 31 August 2018 £
Equities	2,386,000	1,892,000
Gilts	201,000	141,000
Corporate bonds	308,000	238,000
Property	273,000	234,000
Cash and other liquid assets	200,000	125,000
TOTAL MARKET VALUE OF ASSETS	3,368,000	2,630,000

The actual return on scheme assets was £196,000 (2018 - £104,000).

The amounts recognised in the Statement of Financial Activities are as follows:

	2019 £	2018 £
Current Service cost	(374,000)	(411,000)
Past service cost	(80,000)	-
Interest income	74,000	61,000
Interest cost	(152,000)	(151,000)
TOTAL AMOUNT RECOGNISED IN THE STATEMENT OF FINANCIAL ACTIVITIES	(532,000)	(501,000)

Changes in the present value of the defined benefit obligations were as follows:

	2019 £	2018 £
AT 1 SEPTEMBER	5,672,000	5,828,000
Liabilities transferred on conversion	615,000	-
Current service cost	374,000	411,000
Interest cost	152,000	151,000
Employee contributions	61,000	59,000
Actuarial losses	850,000	(685,000)
Benefits paid	(13,000)	(92,000)
Past service costs	80,000	-
AT 31 AUGUST	7,791,000	5,672,000

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**NOTES TO THE FINANCIAL STATEMENTS
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26. PENSION COMMITMENTS (CONTINUED)

Changes in the fair value of the Academy Trust's share of scheme assets were as follows:

	2019 £	2018 £
AT 1 SEPTEMBER	2,630,000	2,353,000
Assets transferred on conversion	285,000	-
Interest income	74,000	63,000
Actuarial gains	122,000	41,000
Employer contributions	211,000	208,000
Employee contributions	61,000	59,000
Benefits paid	(13,000)	(92,000)
Administration Expenses	(2,000)	(2,000)
AT 31 AUGUST	3,368,000	2,630,000

27. OPERATING LEASE COMMITMENTS

At 31 August 2019 the Academy Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	11,519	16,945
Later than 1 year and not later than 5 years	20,158	-
	31,677	16,945

28. MEMBERS' LIABILITY

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

29. GENERAL INFORMATION

Quantock Education Trust is a company limited by guarantee, incorporated in England and Wales. The registered office is Haygrove School, Durleigh Road, Bridgwater, Somerset, TA6 7HW.

**QUANTOCK EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

30. RELATED PARTY TRANSACTIONS

Owing to the nature of the Academy Trust's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a Trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures.

No related party transactions took place in the period of account other than certain Trustees' remuneration and expenses already disclosed in note 14.

31. AGENCY ARRANGEMENTS

The Academy Trust acts as an agent for students through receiving trip income in relation to externally organised trips. In the accounting period ended 31 August 2019 the Academy Trust received £46,968 and disbursed £50,947. An amount of £804 (2018: £5,237) is included in other creditors relating to payments made in advance of trips.

The Academy Trust also acts as an agent for local schools through receiving parent & family support advisor income from the local authority. In the accounting period ended 31 August 2019 the Academy Trust received £8,879 and disbursed £Nil. An amount of £8,879 (2018: £Nil) is included in other creditors.

32. TEACHING SCHOOL TRADING ACCOUNT

	2019 £	2019 £	2018 £	2018 £
Income				
DIRECT INCOME				
Teaching School grant	61,329		60,350	
TOTAL INCOME		61,329		60,350
Expenditure				
DIRECT EXPENDITURE				
Direct staff costs	10,986		2,900	
Educational resources	-		1,372	
TOTAL DIRECT EXPENDITURE	10,986		4,272	
OTHER EXPENDITURE				
Other staff costs	59,794		27,354	
Other costs	-		1,146	
TOTAL OTHER EXPENDITURE	59,794		28,500	
TOTAL EXPENDITURE		70,780		32,772
(Deficit)/surplus from all sources		(9,451)		27,578
Teaching school balances at 1 September 2018		27,578		-
TEACHING SCHOOL BALANCES AT 31 AUGUST 2019		18,127		27,578

